

Sample Contract Financing Clause

If in accordance with contract clause FAR 52.232-29, Terms for Financing of Purchases of Commercial Items, the Contractor requests financing payments the Contractor shall:

- (a) Submit for MARAD approval a weighted average schedule consisting: 1) a performance event demonstrating progress; 2) method of verification of the performance event and; 3) a payment value (i.e., the weight) for each performance event demonstrating progress.
- (b) The Contractor shall be entitled to financing payments submitted under the weighted average schedule approved by MARAD with sufficient verification of performance events demonstrating progress.
- (c) The liquidation rate shall be 90 per cent. However, if requested, the Contracting Officer will consider approving payments up to 100 per cent on bonding, insurance and towing. The Contracting Officer will also consider making payment of properly supported and documented requests for payments on these three items within 7 days rather than 30 days. Such a reduction in payment time will be subject to obtaining the authority to waive the 30 day payment requirement of FAR 52.232-29(g).
- (d) As security the Contractor shall submit a performance bond for the sum certain of _____ 30 days prior to scheduled vessel departure but not later than October 15, 2004. The Contractor shall furnish the performance bond using a Standard Form 1418. The Contractor shall furnish all executed bonds, including any necessary reinsurance agreements, to the Contracting Officer. The bond shall be in the form of a firm commitment, supported by corporate sureties whose names appear on the list contained in the Treasury Department Circular 570; individual sureties; or by other acceptable security such as postal money order, certified check, cashier's check, irrevocable letter of credit, or in accordance with Treasury Department regulations, certain bonds or notes of the United States. Treasury Circular 570 is published in the Federal Register, or may be obtained from the:
U.S. Department of Treasury
Financial Management Service
Surety Bond Branch
401 14th Street, N.W., 2nd Floor, West Wing
Washington, DC 20227
- (e) Financing payments may be submitted on a monthly basis and include the form and content stated in FAR 52.232-29, paragraph (e) and on the attached sample contract financing payment form.